# Annual Report
# 2011 - 2012

## The Cooperative Promotion Board

Manitoba

Minister of Housing
and Community Development

Room 358
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

The Honourable Philip S. Lee, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235 Legislative Building
450 Broadway
Winnipeg MB R3C OV8

Your Honour:

I have the privilege to present, for the information of Your Honour, the Annual Report of The Cooperative Promotion Board for the year ending March 31, 2012.

Respectfully submitted,

**Original signed by Kerry Irvin-Ross**

Kerri Irvin-Ross
Minister

**The Cooperative Promotion Board**
**2nd Floor - 406 Edmonton**
**Winnipeg MB R3B 2M2**

Honourable Kerri Irvin-Ross
Minister
Housing and Community Development
Room 358 - Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

On behalf of the Board of Directors, I have the pleasure to present to you the Annual Report of The Cooperative Promotion Board for the year ending March 31, 2012.

Respectfully submitted,

**Original signed by Cindy Coker**

Chairperson

# TABLE OF CONTENTS


| TITLE | PAGE |
|---|---|
| Members of the Board | 5 |
| Legislation | 5 |
| Activities of the Board | 6 |
| Responsibility for Financial Reporting | 7 |
| Auditor's Report | 8 |

# MEMBERS OF THE COOPERATIVE PROMOTION BOARD

**MARCH 31, 2012**

| | |
|---|---|
| Cindy Coker, Chairperson | - Winnipeg, Manitoba |
| Joy Goertzen, Secretary | - Winnipeg, Manitoba |
| Norine Dohan | - Ethelbert, Manitoba |
| Marc Rivard | - Winnipeg, Manitoba |
| Vera Goussaert | - Winnipeg, Manitoba |
| Raymond Ngarboui | - Winnipeg, Manitoba |
| Duane Nicol | - Selkirk, Manitoba |

# LEGISLATION

The Cooperative Promotion Board operates under the terms of *The Cooperative Promotion Trust Act*. The Board acts as trustee for those surplus funds of the original Canadian Wheat Board, which were apportioned to Manitoba by the Government of Canada.

Manitoba received the sum of $128,800 in this distribution, which is invested. The Board is empowered to utilize the income from investments.

In pursuance of its objectives, the Board may make grants from the fund:

- as prizes or scholarships for any competition or studies related to the philosophy, principles, business, or affairs of cooperative organizations;
- as gifts or donations in aid of research into cooperative organizations;
- to promote education with respect to cooperatives;
- to develop and promote cooperative organizations; and
- to agricultural organizations to promote the general welfare of rural residents of the Province.

The members of the Board are appointed by the Lieutenant-Governor-in-Council.

# ACTIVITIES 2011-2012

During the fiscal year ended March 31, 2012, the Board undertook the following activities:

- Held four meetings
- Considered twenty four applications for assistance; seventeen were approved by way of grants to support a variety of activities, and seven applications were declined.

The following grants were approved:

- Manitoba Cooperative Association Inc. to organize the 2011 youth camp co-op seminar
- Bed and Breakfast Marketing Co-op to develop a co-op banner
- Canadian CED Network to contribute to the 2011 national gathering conference lunch
- Canadian Worker Cooperative Federation (CWCF) to subsidize the travel and registration costs for Manitobans attending the CWCF learning session
- Mondragon Worker Co-op to develop a worker co-op procedures manual
- Cooperative Housing Federation of Canada (CHF) to subsidize the fall education event in Manitoba
- Organic Planet Worker Co-op to research the organic co-op's history
- Urban Eat-in' Gardeners Worker Co-op to develop a marketing strategy
- Centre for the Study of Cooperatives to organize a Manitoba co-op mobile exhibit
- Seniors for Seniors Co-op to redesign the marketing tools of the co-op
- Compo-Stages Manitoba Services Co-op to organize and hold a membership drive
- Manitoba Cooperative Association Inc. to organize the 2012 youth camp co-op seminar
- Roseisle Community Grocery Co-op to enhance member engagement
- Multiple Worker Co-ops (PAR It Worker Co-op) to undertake a roundtable discussion on the feasibility of single marketing resources for worker co-ops
- CHF of Canada to subsidize the participation of co-op members at the annual meeting
- South Osborne Community Co-op Inc to hold a membership drive
- Bursary to be provided for a Co-op Management Student, University of Winnipeg

The Auditor's Report, together with the Financial Statements for the fiscal year ended March 31, 2012 follow.

The Cooperative Promotion Board
2nd Floor - 406 Edmonton
Winnipeg MB R3B 2M2

June 22, 2012

**The Cooperative Promotion Board**

**Responsibility for Financial Reporting**

The accompanying financial statements and other financial information in the Annual Report for the year ended March 31, 2012, are the responsibility of management and have been approved by the Board. The financial statements were prepared by management in accordance with Canadian generally accepted accounting principles. Any financial information contained elsewhere in the Annual Report conforms to these financial statements.

As management is responsible for the integrity of the financial statements, management has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

The responsibility of the Office of the Auditor General is to perform an independent examination of the financial statements of the Board in accordance with Canadian auditing standards. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

**Original signed by Cindy Coker**
Cindy Coker

Chairperson of the Board

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

## INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Co-operative Loans and Loans Guarantee Board

We have audited the accompanying schedule of loan guarantee transactions of the Co-operative Loans and Loans Guarantee Board for the year ended March 31, 2012 and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Schedule**

Management is responsible for the preparation and fair presentation of this schedule in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of the schedule is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the schedule presents fairly, in all material respects, the loan guarantee transactions of Co-operative Loans and Loans Guarantee Board as at March 31, 2012 in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General
August 30, 2012
Winnipeg, Manitoba

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

## THE COOPERATIVE PROMOTION BOARD

## STATEMENT OF FINANCIAL POSITION
## AS AT MARCH 31, 2012

| | 2012 | 2011 |
|---|---|---|
| **ASSETS** | | |
| **General Account** | | |
| Current Assets | | |
| Cash (Note 3) | $ 40,043 | $ 84,762 |
| Account Receivable | 2,397 | 2,699 |
| Prepaid Expenses | 373 | - |
| Investments (Note 4) | 218,800 | 204,512 |
| **Total Current Assets** | 261,613 | 291,973 |
| **Total General Account** | 261,613 | 291,973 |
| **Commercial Fishing Account** | | |
| Current Assets | | |
| Cash (Note 3) | 74,158 | 73,235 |
| **Total Current Assets** | 74,158 | 73,235 |
| Investment (Note 4) | 555 | 544 |
| **Total Commercial Fishing Account** | 74,713 | 73,779 |
| **Total Assets** | $ 336,326 | $ 365,752 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts Payable - General Account | $ - | $ 1,000 |
| **Fund Balances** | | |
| General Account - Contributed Capital | 128,800 | 128,800 |
| General Account | 132,813 | 162,173 |
| Commercial Fishing Account (Note 5) | 74,713 | 73,779 |
| | 336,326 | 364,752 |
| **Total Liabilities and Fund Balances** | $ 336,326 | $ 365,752 |

**Approved on behalf of the Board**

Original signed by Cindy Coker _____ Chairperson

Original Signed by Joy Goertzen _____ Secretary

## THE COOPERATIVE PROMOTION BOARD

### GENERAL ACCOUNT
### STATEMENT OF REVENUE AND EXPENSE AND FUND BALANCE
### FOR THE YEAR ENDED MARCH 31, 2012

| | 2012 | 2011 |
|---|---|---|
| **Revenue** | | |
| Interest | $ 5,384 | $ 5,615 |
| Administrative expenses paid for by the Province of Manitoba (Note 2e) | 22,858 | 24,658 |
| **Total Revenue** | 28,242 | 30,273 |
| **Expense** | | |
| Grants (Schedule 1) | 29,610 | 28,796 |
| General and Administrative | | |
| Annual Report | 1,359 | 1,543 |
| Board Members' Remuneration | 2,157 | 1,099 |
| Board Members' Meals and Travel | 1,809 | 1,920 |
| Liability Insurance | 789 | 1,032 |
| Membership Fee | 874 | 849 |
| Miscellaneous | 265 | 61 |
| Professional Fees | 3,410 | 3,449 |
| Seminars & Workshops | 1,048 | - |
| Administrative Expenses (Note 2e) | 16,281 | 15,837 |
| Total General and Administrative | 27,992 | 25,790 |
| **Total Expense** | 57,602 | 54,586 |
| **Excess of Expense over Revenue** | (29,360) | (24,313) |
| **Fund Balance, beginning of year** | 162,173 | 186,486 |
| **Fund Balance, end of year** | $ 132,813 | $ 162,173 |

THE COOPERATIVE PROMOTION BOARD

COMMERCIAL FISHING ACCOUNT
STATEMENT OF REVENUE AND EXPENSE AND FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2012

| | 2012 | 2011 |
|---|---|---|
| **Revenue** | | |
| Interest | $ 923 | $ 582 |
| Dividend | 11 | 11 |
| **Total Revenue** | 934 | 593 |
| **Expense** | | |
| Miscellaneous | - | 1 |
| **Total Expense** | - | 1 |
| **Excess of Revenue over Expense** | 934 | 592 |
| **Fund Balance, beginning of year** | 73,779 | 73,187 |
| **Fund Balance, end of year** | $ 74,713 | $ 73,779 |

THE COOPERATIVE PROMOTION BOARD

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2012

| | General Account | Commercial Fishing Account | 2012 | 2011 |
|---|---|---|---|---|
| **Excess of Revenue Over (Under) Expense** | $ (29,360) | $ 934 | $ (28,426) | $ (23,721) |
| **Cash Flows from Operating Activities** | | | | |
| Changes in working capital balances | | | | |
| (Increase)/Decrease in Accounts Receivable | 302 | | 302 | (49) |
| (Increase)/Decrease in Prepaid Expenses | (373) | | (373) | 587 |
| (Decrease)/Increase in Accounts Payable | (1,000) | | (1,000) | (2,500) |
| **Cash Flows from Investing Activities** | | | | |
| Purchase of GIC | (218,800) | | (218,800) | (4,512) |
| Maturity of GIC | 204,512 | | 204,512 | - |
| Dividend from ACU Shares | | (11) | (11) | (11) |
| **Increase/(Decrease) in Cash** | (44,719) | 923 | (43,796) | (30,206) |
| **Cash Balance at Beginning of the Year** | 84,762 | 73,235 | 157,997 | 188,203 |
| **Cash Balance at End of the Year** | $ 40,043 | $ 74,158 | $ 114,201 | $ 157,997 |
| **Supplementary Information:** | | | | |
| Interest Received | $ 5,685 | $ 923 | $ 6,608 | $ 6,148 |

## THE COOPERATIVE PROMOTION BOARD

## NOTES TO FINANCIAL STATEMENT
## FOR THE YEAR ENDED MARCH 31, 2012

### 1. Nature and Objectives of the Board

The Cooperative Promotion Board (the Board) operates under the terms of The Cooperative Promotion Trust Act (The Act), which came into force on December 20, 1988. The Board is a continuation of the Board established under The Wheat Board Money Trust Act. The Wheat Board Money Trust Act was repealed when the Cooperative Promotion Trust Act came into force. The Department of Housing and Community Development administers the activities of the Board.

General Account

The General Account funds controlled by the Board consist of surplus funds of the original Canadian Wheat Board, apportioned to Manitoba by the Government of Canada (recorded as Contributed Capital), assets vested in the Board when the Cooperative Promotion Trust Act came into force, and assets acquired by the Board.

The objectives of the Board with regard to the General Account are to assist in the development of cooperative organizations, to promote the general welfare of cooperative organizations and rural residents in Manitoba and to make recommendations to the Minister responsible with respect to cooperative organizations and related legislation.

Commercial Fishing Account

The Commercial Fishing Account consists of funds donated by Northern Cooperative Services Ltd. As a condition of the donation, these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba

### 2. Significant Accounting Policies

a) **General**
These financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for not-for-profit entities.

b) **Future Accounting Changes**
Effective April 1, 2012 the Board will be adopting government not-for-profit standards issued by the Public Sector Accounting Board (PSAB). The Board is currently in the process of quantifying the impact these changes will have on its financial position.

c) **Financial Instruments**

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. The Board is required to designate its financial instruments into one of the following five categories: held for trading; available for sales; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and fund balance, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial instruments of the Board consist of cash, accounts receivable, investments and accounts payable.

The Board has designated its financial instruments as follows:

Cash is classified as financial assets held for trading and is measured at fair value with gains and losses recognized in net earnings. Due to the redeemable nature of this financial asset, carrying value is considered to be fair value.

Investment held in the General Account is classified as financial assets held to maturity and is measured at amortized cost using the effective interest method. At March 31, 2012, the fair value of the investment approximates its carrying value due to its short period to maturity.

Investment held in the Commercial Fishing Account is classified as financial assets held for trading and is measured at fair value with gains and losses recognized in net earnings. Due to the lack of an active market, cost is considered to be fair value.

Accounts receivable are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest method.

Accounts payable are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest method.

It is management's opinion that the Board is not exposed to significant credit, liquidity, interest rate or foreign currency risk arising from these financial instruments.

The fair value of accounts receivable and accounts payable approximates their carrying values due to their short-term nature.

The Board continues to apply *Section 3861 Financial Instruments – Disclosure and Presentation.*

d) **Use of Estimates**
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

e) **Revenue Recognition**
Interest Revenue – Interest revenue earned from cash balances on hand and the Guaranteed Investment Certificate (GIC) are recorded on an accrual basis.

Administrative Expenses Paid for by the Province of Manitoba – The Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of support staff for 2012 is estimated at $16,281 (2011-$15,837) with another $6,577 (2011-$8,821) for provincially paid identified expenses. The costs of other administrative support services, office space and utilities are deemed too difficult to estimate and as such no amount has been determined.

f) **Related Party Transactions**
The Board is related in terms of common ownership to all Province of Manitoba created Departments, Agencies, Boards and Crown Corporations. The Board enters into transactions with these entities in the normal course of operations and they are measured at the exchange rate amount agreed to by the related parties.

## 3. Cash

General Account

The cash balance for the General Account includes $38,989 (2011-$84,592) held in a high yield savings account at Assiniboine Credit Union at a fixed rate of 1.00% effective March 31, 2012. Interest is paid monthly.

Commercial Fishing Account

The cash balance for the Commercial Fishing Account is held in a high yield savings account at Assiniboine Credit Union at a fixed rate of 1.25% effective March 31, 2012. Interest is paid monthly.

THE COOPERATIVE PROMOTION BOARD

NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2012

## 4. Investments

| General Account | 2012 | 2011 |
|---|---|---|
| Assiniboine Credit Union – Non-cashable GIC<br>Term October 5, 2009 – October 5, 2011<br>Interest Rate 2.25%, compounded daily<br>Interest paid annually | | $204,512 |
| Assiniboine Credit Union – Non-cashable GIC<br>Term November 2, 2011 – November 1, 2012<br>Interest Rate 2.15%, compounded daily<br>Interest paid annually | $128,800 | |
| Assiniboine Credit Union – Non-cashable GIC<br>Term November 2, 2011 – November 1, 2012<br>Interest Rate 2.15%, compounded daily<br>Interest paid annually | $90,000 | |
| | $218,800 | $204,512 |

| Commercial Fishing Account | 2012 | 2011 |
|---|---|---|
| Assiniboine Credit Union – Surplus Shares | $555 | $544 |

## 5. Commercial Fishing Account

During 1993 and 1994, Northern Cooperative Services Ltd. donated $41,724 to the Board subject to the condition that these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba. These funds have earned interest and the balance available at March 31, 2012 is $74,713 (2011 $73,779).

## 6. Compensation Disclosure

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid to the Cooperative Promotion Board members and of individual compensation paid to board members or staff where such compensation is $50,000 or more per year. For the period of April 1, 2011 to March 31, 2012, the Cooperative Promotion Board paid Board members an aggregate of $2,157 and held four board meetings. No individuals received compensation of $50,000 or more.

## 7. Commitments

As of March 31, 2012, the Board has approved grants in the amount of $42,066, for which the grant applicants had not yet met the payment conditions. If the payment conditions relating to these grants are met in the future, the commitments will be funded by the General Account.

## 8. Capital Disclosures

The Board's objective when managing its capital is to maintain sufficient capital to cover its costs of operations. The Board's capital consists of Contributed Capital, the General Account Fund Balance as well as the Commercial Fishing Account Fund Balance.

The Board meets its capital objectives through interest revenue earned.

The Board is subject to externally imposed capital requirements as imposed by Section 4(6) of The Act. This Section requires that the Board maintain a minimum realizable value of $129,000, essentially the amount of the Contributed Capital. The Board complied with the externally imposed capital requirements during the year.

Schedule 1

## THE COOPERATIVE PROMOTION BOARD

### SCHEDULE OF GRANTS
### FOR THE YEAR ENDED MARCH 31, 2012

| | 2012 | 2011 |
|---|---|---|
| **General Account** | | |
| A Pyramid of Angels Health Care Worker Co-op | $ 2,925 | $ - |
| Bed & Breakfast Marketing Co-op | 500 | - |
| Canadian CED Network | 10,000 | 3,000 |
| Canadian Worker Cooperative Federation | 3,500 | 3,600 |
| Conseil de Developpement Economique des Municipalites | - | 5,000 |
| Co-op Ventures Worker Co-op | 700 | 3,000 |
| CoopZone | - | 800 |
| Manitoba Cooperative Association Inc. | 1,500 | 4,000 |
| Manitoba Organic Marketplace Trade Association Co-op | 800 | - |
| Par IT | 2,600 | - |
| Parkland Agricultural Resource Co-op | 3,600 | - |
| Pollock's Hardware Co-op | - | 5,000 |
| S E E D Winnipeg Inc. | - | 2,400 |
| South Osborne Community Cooperative | 1,246 | - |
| University of Winnipeg - Summer Institute | 1,239 | - |
| Western Feed Grain Development Co-op Ltd | 1,000 | 1,996 |
| **Total of Grants** | $ 29,610 | $ 28,796 |